# REFUNDS OF SALES AND USE TAX FOR VEHICLES USED IN INTERSTATE COMMERCE

## **REGULATION 39-26-113.5**

#### 1) Refund Calculation

The percentage of tax to be refunded will be computed by dividing the non-Colorado miles by the total miles as used in the computation of the specific ownership tax.(Example: If the total miles driven is 10,000 with 8,000 of those Colorado miles and 2,000 non-Colorado miles, the refund percentage will be 20%.)

# 2) Prioritization of Claims

Claims will be eligible for issue based on the date they are received by the Department of Revenue. Claims will be prioritized based on the date received. Once a claim has been filed, if it is not paid in the year in which it was filed, its priority will carry over to the next year. Therefore, the taxpayer need not file another claim in subsequent years. However, claims for leases must be filed for each of the 3 years as stated in 4).

## 3) Remaining balance to be refunded

- a) The annual funds available for refund is limited by §42-1-225, C.R.S. Claims will be honored based on the prioritization stated in paragraph 2 above. Claims filed after the fund has been depleted will not receive a refund for that year, but may be eligible for in future years for the year 2 and/or year 3 refund.
- b) In the event that more than one claim is received on the same date and the amount available in the fund is less than the total amount of the claims, the purchase date will be used to determine which refund claims will be issued.

#### 4) Leases

- a) A lease must be for more than 3 years to be considered a sale and qualify for the refund.
- b) If the total sales tax is paid at the time the vehicle is leased, then the lessee may apply for a refund of the total tax paid and the refund will be calculated in the same manner listed in 1).
- c) If the tax is included in the lease payments, the applicant must wait until the last payment has been made for that calendar year before a refund claim can be submitted. The refund will be calculated based on the amount of tax paid in the previous calendar year. A separate refund claim must be submitted for each of the 3 years that the refund is allowed under 39-26-113.5
- d) If funds are available, refunds on sales tax for leases will paid as follows: For the calendar year in which the purchase was made, the refund will be calculated as stated in 39-26-113.5(1)(c)(I) a refund amount will also be calculated for years two and three. For the first calendar year after the purchase a refund will be calculated as stated in 39-26-113.5(1)(c)(II) a refund amount will also be calculated for year three. For the second calendar year after the purchased the refund will be calculated as stated in 39-26-113.5(1)(c)(III).

## 5) Documentation Required to Qualify for the Refund

- a) For purchases in Colorado, a copy of the retail purchase agreement from the dealer, the standard sales tax receipt (DR 0024) and any other documentation the department requests to validate the statutory requirements for the refund.
- b) For purchases made outside of Colorado, a copy of the purchase agreement, a copy of the county registration and any other documentation the department requests to validate the statutory requirements for the refund.
- c) For leases, a copy of the lease agreement, documentation stating the term of lease, the taxes paid with each lease payment and any other documentation the department requests to validate the statutory requirements for the refund.